by law to be withheld. However, installment payments of less than $25.00 will be accepted only in the most unusual circumstances. Disposable pay is defined in 5 CFR 550.1103 and 5 CFR 581.105(b) through (f).

(e) Procedural requirements specified in paragraph (c) of this section shall not be used in cases of collections of such obligations as changes in coverage under a Federal benefits program or resulting from ministerial adjustments pay and allowances which cannot be placed in effect immediately because of normal processing delays.

(f) When an employee, who is subject to salary offset in accordance with this section and who is making repayment in installments, finds that total repayment of the debt is about to be made, then the employee must notify the employee's payroll office, at least two pay periods before the final payment, that final payment is being made.

(g) Debts arising from travel advances provided under 5 U.S. C. 5705 and for travel and transportation expenses for transferred employees under 5 U.S.C. 5724 may be collected by taking offsets in accordance with 44 CFR 11.43.

[49 FR 38267, Sept. 28, 1984, as amended at 50 FR 40007, Oct. 1, 1985; 57 FR 54715, Nov. 20, 1992]

§ 11.46 Liquidation of collateral.

Where FEMA holds security or collateral that may be liquidated and the proceeds applied on debts due it through the exercise of a power of sale in the security instrument or a non-judicial foreclosure, such procedures should be followed if the debtor fails to pay his debt within a reasonable time after demand, unless the cost of disposing of the collateral will be disproportionate to its value or special circumstances require judicial foreclosure.

§ 11.47 Collection in installments.

Debts with accrued interest and penalties should be collected in full in one lump sum whenever this is possible. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment with applicable interest may be accepted in regular installments in accordance with a writ-ten agreement approved by the ACO or his designee. If possible, installment payments shall be sufficiently large to complete collection in the three years. Installment payments should not be less than $50.00 per month unless there are most unusual circumstances. The Agency may require the debtor to execute a confess-judgment, negotiable note for the amount of the indebtedness. The ACO or DCO may require the debtor to provide a statement as to financial condition.

§ 11.48 Interest, penalties, and administrative charges.

(a) *Definition.* In §§ 11.30 through 11.65 of this part, a debt is deemed to be delinquent if the debtor has not paid the debt by the collection due date and if the debtor has not entered into a repayment agreement satisfactory to FEMA. A debt is also deemed delinquent if the debtor has not made payment by the date specified in the applicable agreement.

(b) *Interest.* FEMA's delinquent debtors shall be charged interest on the outstanding principal balance due on debts owed the United States at the rate published by the Secretary of the Treasury under provisions of 31 U.S.C. 3717(a). The interest rate in effect at the time that FEMA first mailed or hand delivered to the debtor written notice, stating that the debt was due and that interest would be assessed on the debt, shall be the rate applied throughout the duration of the debt until the debt is paid in full.

(1) However, if the debtor defaults on a debt repayment agreement made with the ACO or the ACO's designee, then interest shall accrue at the rate published by the Secretary of the Treasury under the provisions of 31 U.S.C. 3717(a)(1) that was in effect when the debtor defaulted on the repayment agreement. Interest shall accrue either from the date that FEMA first informed the debtor that the Agency would assess interest on the debt or some subsequent date specified in the written notice given by FEMA to the debtor stating that interest would be assessed.

(2) However, where FEMA first sent the notice of indebtedness prior to October 25, 1982, interest shall run from